

Message Text

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SUBJ: EUROPEAN PARLIAMENT DISCUSSES THE STEEL CRISIS

1. SUMMARY: THE STEEL CRISIS WAS THE SUBJECT OF EMERGENCY DEBATE IN THE EUROPEAN PARLIAMENT (EP) DURING ITS MARCH 13-17 SESSION IN STRASBOURG. WHILE NO NEW PROPOSALS EMERGED FROM THE DISCUSSION, MP'S EXPRESSED CONSIDERABLE CONCERN OVER THE IMPACT ON THE PROCESSING INDUSTRY OF THE COMMISSION'S CURRENT STEEL IMPORT AND PRICING POLICY. IN RESPONSE, EC COMMISSIONER DAVIGNON ARGUED THAT END-USERS OF STEEL WERE NOT BEING HURT AND THAT THE COMMISSION'S PRICING POLICIES WERE COMPETITIVE WITH OTHER COUNTRIES. END SUMMARY.

2. GROWING OUT OF A PARLIAMENTARIAN'S QUESTION TO THE EC COMMISSION CONCERNING THE RESULTS OF THE COMMISSION'S STEEL NEGOTIATIONS WITH THIRD COUNTRIES AND THE EXTENT OF COMPLIANCE BY EC STEEL PRODUCERS WITH RECENT COMMUNITY DIRECTIVES, THE EP HELD AN EMERGENCY DEBATE MARCH 14 ON THE COMMUNITY'S STEEL POLICY. MP'S EXPRESSED CONCERN OVER THE POSSIBLE NEGATIVE IMPACT OF CURRENT EC
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STEEL POLICIES ON END-USERS. A NUMBER OF PARLIAMENTARIANS, DESCRIBING THE STEEL INDUSTRY'S SITUATION AS "DESPERATE", EMPHASIZED THE NEED FOR COMMUNITY COMPETITIVENESS WITH THIRD COUNTRIES.

3. RESPONDING TO MP'S CONCERNS, EC COMMISSIONER DAVIGNON NOTED THAT THE DIRECTIVES ADOPTED ON 20 DECEMBER

1977 ARE BEING RESPECTED BUT THAT IT IS TOO EARLY TO SAY WHETHER THERE WILL BE AN UPTURN IN COMMUNITY STEEL PRODUCTION. HE NOTED THERE HAS BEEN A PRICE CONSOLIDATION WHICH, WHILE NOT STIMULATING INCREASED DEMAND, HAS NEVERTHELESS PROVIDED THE BASIS FOR THE NEEDED RESTRUCTURING OF THE STEEL INDUSTRY, WHICH HAS ALREADY BEGUN. DAVIGNON SAID THAT IN ORDER TO INSURE COMMUNITY STEEL COMPETITIVENESS IT IS NECESSARY TO DEFINE THE COMMUNITY'S STEEL REQUIREMENTS, THE RHYTHM OF PRODUCTION, AND THE SOCIAL (I.E., LABOR) IMPLICATIONS WHILE FORMULATING A COMPREHENSIVE STEEL POLICY TO MEET THE PRESENT CRISIS. HE NOTED, HOWEVER, THAT COMPETITIVENESS SHOULD NOT BE BASED ON THE PRODUCTION OF YET MORE STEEL, BECAUSE THE MARKET FOR IT IS PRESENTLY NON-EXISTENT.

4. REGARDING THE EFFECT OF HIGHER COMMUNITY STEEL PRICES ON COMMUNITY PROCESSORS, DAVIGNON SAID THAT PROGRESS IS BEING MADE IN DEVELOPING PRACTICAL PROGRAMS FOR MEETING THE PROBLEMS ENCOUNTERED BY THESE INDUSTRIES. HE ARGUED THAT STEEL END-USERS ARE NOT BEING HURT BY THE COMMISSION'S STEEL POLICIES, NOTING THAT ALL COMMUNITY PROCESSORS NOW RECEIVE THEIR STEEL AT THE SAME PRICE AS A RESULT OF THE COMMISSION'S NEW MEASURES. THIS PRICE, HE POINTED OUT, TENDS TO BE LOWER THAN THAT PAID BY END-USERS IN THIRD COUNTRIES. HE FURTHER SAID THAT THE POLICY BEING PURSUED WITHIN THE COMMUNITY IS NOT UNCLASSIFIED

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"DIRIGISTE", AS SOME PARLIAMENTARIANS CHARGED, BUT IS AIMED AT STIMULATING THE COMMUNITY STEEL INDUSTRY AT A TIME OF DEPRESSED MARKET CONDITIONS.

5. REGARDING THE COMMUNITY'S EXTERNAL STEEL POLICY, DAVIGNON REJECTED THE NOTION THAT THE EC HAS YIELDED TO PROTECTIONISM, SAYING THAT THE COMMISSION'S OBJECTIVE IS BY NO MEANS INTENDED TO REDUCE STEEL IMPORTS BUT RATHER TO MAINTAIN NORMAL TRADE PATTERNS. HE EMPHASIZED, HOWEVER, THAT THE COMMUNITY CANNOT ACCEPT DUMPING OF STEEL INTO ITS MARKETS AT PRICES LOWER THAN THOSE PREVAILING IN THE EXPORTING COUNTRIES. HE ADDED THAT COMMUNITY HAS REACHED AGREEMENT WITH EFTA ON ANTI-DUMPING MEASURES. HE CONTINUED THAT DECISIVE TALKS WILL SOON TAKE PLACE WITH BRAZIL, SOUTH AFRICA, SPAIN, JAPAN, AND SOUTH KOREA. HE NOTED THAT THERE IS A REAL WILL BY THIRD COUNTRIES TO REACH AGREEMENT WITH THE COMMUNITY ON STEEL IMPORTS BECAUSE IT IS IN THEIR INTEREST TO DO SO. MORRIS

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